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This agreement was prepared by
and after recording return to:
Scott D. Fehlan, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

FIRST AMENDMENT TO MERCY HOSPITAL AND MEDICAL CENTER REDEVELOPMENT AGREEMENT

This First Amendment to Mercy Hospital and Medical Center Redevelopment Agreement (this "**Amendment**") is made as of this 7th day of June, 2011, the date that the conditions described in Article II of this Amendment have been complied with to the City's satisfaction (the "**Effective Date**") by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), acting by and through its Department of Housing and Economic Development ("**HED**"), formerly known as the Department of Planning and Development, and Mercy Hospital and Medical Center, an Illinois not-for-profit corporation (the "**Developer**").

RECITALS

A. Developer and the City have entered into a Mercy Hospital and Medical Center Redevelopment Agreement dated as of August 23, 2006 (the "**RDA**"), which was recorded with the Recorder of Deeds of Cook County on August 23, 2006 as Document No. 0623532073 pursuant to which the City provided additional financing to assist Developer in completing the Project (as defined in the RDA), which is located on the property described in Exhibit A attached hereto (the "**Property**"). Capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the RDA.

B. In connection with obtaining Lender Financing, the Developer has requested that the City consent to the execution and recording of a New Mortgage against the Property. In addition, the Developer has requested that the City amend the RDA to modify the deadlines to complete the Project, extend the deadlines to comply with requirements to use MBEs and WBEs, to subordinate the RDA to a loan which will be insured by the United States Department of Housing and Urban Development, and otherwise to amend the RDA.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are

hereby acknowledged, the parties hereto agree as follows:

ARTICLE I. RECITALS

The foregoing recitals are hereby incorporated into this Amendment by reference and made a contractual part hereof.

ARTICLE II. CLOSING CONDITIONS

The effectiveness of this Amendment is subject to the covenants and agreements contained herein, and the satisfaction of the following conditions (collectively, the “**Closing Conditions**”):

(a) Amendment. The execution of this Amendment by all parties and the recording of this Amendment.

(b) Title. The Developer has furnished the City with a date down endorsement to the Title Policy for the Property, certified by the Title Company, dated within ten days before the date this Amendment is signed, showing the Developer as the named insured, satisfying the requirements described in **Section 5.05** of the RDA and noting the recording of this Amendment as an encumbrance against the Property.

(c) Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches, updated within twenty days before the date this Amendment is signed, as described under **Section 5.06** of the RDA, showing no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

(d) Opinion of the Developer's Counsel. The Developer has furnished the City with an opinion of counsel, substantially in the form attached as Exhibit J to the RDA, with such changes as required by or acceptable to Corporation Counsel; provided, that if the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel.

(e) Corporate Documents; Economic Disclosure Statement. The Developer has delivered to the City the following documents accompanied by a certificate of the secretary or authorized officer of each entity certifying them as true, correct and complete copies that have not been amended or modified: (i) Articles of Organization or Articles of Incorporation, as applicable, (ii) good standing certificate, (iii) written consent or resolutions authorizing the execution of this Amendment, (iv) evidence of incumbency, and (v) operating agreement or bylaws, as applicable. The Developer has delivered Economic Disclosure Statement(s), in the City's then current form, dated the date hereof.

(f) Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in **Section 4.01** of the RDA to complete the Project and satisfy its obligations under the RDA. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Effective Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in **Section 4.01**) to complete the Project. The

Developer has delivered to HED a copy of the construction escrow agreement, if any, entered into by the Developer regarding the Lender Financing. Except for liens related to the HUD Loan, any liens against the Property in existence at the Effective Date have been subordinated to certain encumbrances of the City set forth in the RDA pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Effective Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

(g) Other Documents. The Developer has provided such other documents, agreements, instruments, certificates and affidavits as the City may require pursuant to all federal, state or local statutes, laws, regulations, ordinances, executive orders, codes, rules, orders, licenses, judgments, decrees or requirements. If required by HED, the Developer has received results of scofflaw and child support searches with respect to applicable principals of the Developer indicating that no debts are owed.

ARTICLE III. AMENDMENTS TO RDA

The RDA is amended by making the following deletions, replacements and/or additions to the indicated Sections of the RDA:

Section	Deletion, replacement and/or addition
Throughout the RDA and all Exhibits	All references to "Department of Planning and Development" and "DPD" are deleted and replaced by references to the "Department of Housing and Economic Development" and "HED", respectively.
Exhibits	Delete Exhibit B-3 in its entirety and replace it with Exhibit B-3 attached to this Amendment. After Exhibit P *Form of Payment Bond add the following: "Exhibit Q * Form of Phase II Commencement Letter Exhibit R HUD-Required Provisions Rider."
Table of Contents	After Section 5.15 Litigation add the following: "SECTION 5A. CONDITIONS PRECEDENT TO PHASE II COMMENCEMENT LETTER [add page number] 5A.01 Developer Obligations.....[add page number] 5A.02 City Actions.....[add page number]"
Recitals	After Recital F add the following: G. <u>HUD-Required Provisions</u> : The Developer has obtained a commitment for a first mortgage loan under Section 242 of the National Housing Act, which will be insured by the United States Department of Housing and Urban Development ("HUD") and which will constitute all or part of the Lender Financing (as defined below). The HUD-insured Lender Financing requires a HUD-Required Provisions Rider (the "HUD Rider") to be incorporated into this Agreement. By the reference in this paragraph, the HUD Rider attached hereto as Exhibit R is hereby

Section	Deletion, replacement and/or addition
	incorporated herein and made a part hereof.
Section 2, Definitions	<p>Delete the text of the defined term, "Term of the Agreement" in its entirety and replace it with the following:</p> <p>"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of (a) December 31, 2029, or (b) 180 days after the date on which the HUD Loan has been repaid or terminated.</p> <p>To the end of the defined term, "Title Policy" add the following:</p> <p>"provided, however, that this Agreement shall be subject and subordinate to the HUD Loan as provided in the HUD Rider."</p> <p>Add the following defined terms:</p> <p>"HUD Loan" shall mean the loan to be made by Prudential Huntoon Paige Associates, Ltd., a Delaware corporation (as assigned to it by the nominal initial lender, JP Morgan Health Care & Housing Corp.), or any other HUD-approved mortgagee, or its successors or assigns to the Developer, and insured or held by HUD under Section 242 of the National Housing Act, in the principal amount of \$65,224,000, with a stated maturity of 25 years from the commencement of amortization (with amortization to commence thereon no later than the 26th month after HUD's initial endorsement of the same for mortgage insurance). The HUD Loan is described on the HUD-Required Provisions Rider attached to this Amendment as Exhibit E and is evidenced and secured by the HUD/FHA Loan Documents (as defined in such HUD-Required Provisions Rider)."</p> <p>"HUD Mortgage" shall mean the mortgage securing the HUD Loan.</p> <p>"Phase II Commencement Letter" shall mean that letter from HED to the Developer indicating that the Developer has fully complied with all of the conditions of Section 5A.01 herein that apply to Phase II.</p>
Section 3.01 The Project	<p>Delete the text of Section 3.01 in its entirety and replace it with the following:</p> <p>"The Developer shall use its reasonable best efforts to complete the applicable components of the Project in accordance with the schedule entitled, "Mercy Hospital Capital Expenditure Cash Flow 2006-2030" attached hereto as Exhibit B-3.</p> <p>With respect to Phase I, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof:</p>

Section	Deletion, replacement and/or addition						
	<p>(a) shall obtain the Interim Completion Certificate (as defined in Section 7.01) not later than March 31, 2016; and</p> <p>(b) commence and complete construction of Phase I not later than July 1, 2018.</p> <p>With respect to Phase II, if the Developer elects to redevelop Phase II, as evidenced by the Developer's written request that the City issue a Phase II Commencement Letter, then:</p> <p>(a) not later than July 1, 2018, the Developer shall submit a request that the City issue a Phase II Commencement Letter; and</p> <p>(b) after obtaining a Phase II Commencement Letter, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof, commence and complete construction of Phase II not later than January 10, 2029.</p>						
Section 4.01, Total Project Costs and Sources of Funds	<p>Delete the text of Section 4.01 in its entirety and replace it with the following:</p> <p>The Total Project Costs are estimated to be \$263,151,638, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:</p> <table data-bbox="459 1071 1427 1207"> <tr> <td>Equity (distributable surplus cash from operations)</td> <td>\$159,927,638</td> </tr> <tr> <td>Lender Financing</td> <td>\$ 65,224,000</td> </tr> <tr> <td>Estimated City Funds</td> <td><u>\$ 38,000,000</u></td> </tr> </table> <p>(ESTIMATED) TOTAL PROJECT COSTS \$263,151,638</p>	Equity (distributable surplus cash from operations)	\$159,927,638	Lender Financing	\$ 65,224,000	Estimated City Funds	<u>\$ 38,000,000</u>
Equity (distributable surplus cash from operations)	\$159,927,638						
Lender Financing	\$ 65,224,000						
Estimated City Funds	<u>\$ 38,000,000</u>						
Section 5 Conditions Precedent	After Section 5, add a new SECTION 5A. CONDITIONS PRECEDENT TO THE PHASE II COMMENCEMENT LETTER in the form attached hereto as <u>Exhibit C</u> .						
Section 6.01, Bid Requirement for General Contractor and Subcontractors	<p>Delete the following phrase:</p> <p>shall not exceed ____% of the total amount of the Construction Contract</p> <p>And replace it with the following phrase:</p> <p>shall not exceed 6% of the total amount of the Construction Contract</p>						
Section 6.03, Performance and Payment Bonds	<p>Delete the following sentence:</p> <p>"The City shall be named as obligee or co-obligee on any such bonds."</p> <p>And replace it with the following sentence:</p>						

Section	Deletion, replacement and/or addition
	<p>“Subject to HUD’s applicable requirements regarding the HUD Loan (if any), the City shall be named as obligee or co-obligee on any such bonds.”</p>
<p>Section 7.01, Certificates of Completion of Construction</p>	<p>Delete the text of Section 7.01 in its entirety and replace it with the following:</p> <p>“Upon completion of the construction of the applicable component of the Project, in accordance with the terms of this Agreement, and upon the Developer's written request, HED shall issue to the Developer an Initial Completion Certificate, an Interim Completion Certificate and the Final Completion Certificate (each, a “Certificate”), as applicable, all in recordable form certifying that the Developer has fulfilled its obligation to complete the applicable component of the Project in accordance with the terms of this Agreement.</p> <p>(a) The Initial Completion Certificate will not be issued until:</p> <p>(i) The Exterior Facade Restoration Work has been completed and approved in the sole discretion of HED; and</p> <p>(ii) The City’s Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements regarding Prevailing Wage set forth in Section 8.09 with respect to the construction of the Exterior Facade Restoration Work; and</p> <p>(iii) There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition or event which, with the giving notice or passage of time or both, would constitute an Event of Default.</p> <p>The City confirms that prior to the Effective Date of this Amendment, (x) the Exterior Facade Restoration Work has been completed and approved by HED, and (y) the City’s Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements regarding Prevailing Wage set forth in Section 8.09 with respect to the construction of the Exterior Facade Restoration Work.</p> <p>(b) The Interim Completion Certificate will not be issued until:</p> <p>(i) The City’s Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.09 (MBE/WBE, City Residency and Prevailing Wage) with respect to the construction of the Exterior Facade Restoration Work and all other portions of the Project which have been completed on or before December 31, 2015; and</p> <p>(ii) There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition or event which, with the giving</p>

Section	Deletion, replacement and/or addition
	<p>notice or passage of time or both, would constitute an Event of Default.</p> <p>(c) The Final Completion Certificate will not be issued until:</p> <p>(i) The City has issued an Initial Completion Certificate and an Interim Completion Certificate; and</p> <p>(ii) The Developer demonstrates that construction of Phase I of the Project has been completed; and</p> <p>(iii) The City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.09 (MBE/WBE, City Residency and Prevailing Wage) with respect to the construction of Phase I of the Project, and 100% of the Developer's MBE/WBE Commitment in Section 10.03 has been fulfilled; and</p> <p>(iv) There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition or event which, with the giving notice or passage of time or both, would constitute an Event of Default.</p> <p>HED shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures."</p>
Section 7.02 Effect of Issuance of Certificate; Continuing Obligations	<p>Delete the following phrase:</p> <p>"Those covenants specifically described at Sections 8.02, and 8.19 as covenants that run with the land"</p> <p>And replace it with the following phrase:</p> <p>"Those covenants specifically described at Sections 8.02, 8.06 and 8.19 as covenants that run with the land"</p> <p>Add the following text to the end of Section 7.02:</p> <p>"Notwithstanding anything to the contrary contained in this Agreement, the Developer shall have no affirmative obligation to redevelop Phase II; <u>provided, however,</u> that if the Developer elects to redevelop Phase II, as evidenced by the Developer's written request that the City issue a Phase II Commencement Letter, then the Developer shall complete such redevelopment of Phase II in accordance with this Agreement."</p>

Section	Deletion, replacement and/or addition
Section 7.03, Failure to Complete	<p>Add the following text to the end of Section 7.03:</p> <p>“and (c) the right to seek reimbursement of the City Funds from the Developer”</p>
Section 8.06 [Reserved]	<p>Add the following Section title and text to Section 8:06:</p> <p><u>Operating Covenant.</u></p> <p>The Developer shall adhere to the following covenants throughout the Term of the Agreement:</p> <ul style="list-style-type: none"> (i) preserve its corporate legal existence, preserve all rights and licenses to the extent necessary or desirable in the operation of its business and affairs and be qualified to do business and conduct its affairs in each jurisdiction where its ownership of property or the conduct of its business or affairs requires such qualification; (ii) operate a full service, acute care hospital on the Property; (iii) maintain not-for-profit status under Section 501(c)(3) of the Internal Revenue Code as in effect from time to time; (iv) unless otherwise permitted pursuant to or under the terms of this Agreement, maintain ownership and occupancy of all facilities property for which it has received City Funds for reimbursement for construction or renovations; (v) use its facilities in furtherance of its lawful corporate purposes and cause its business to be carried on and conducted and its property to be maintained, preserved and kept in good repair and in as safe condition as its operations will permit; (vi) complete Phase I according to the approved scope and the timeline described in <u>Section 3.01</u> and, if the Developer elects to redevelop Phase II, as evidenced by the Developer’s written request that the City issue a Phase II Commencement Letter, then complete Phase II according to the approved scope and the timeline described in <u>Section 3.01</u>; (vii) rectify all building code violations in any buildings which have been renovated as part of the Project by the completion of construction; (viii) procure and maintain all necessary licenses and permits and use its best efforts to maintain the status of its health care facilities as providers of health care services eligible for payment under those third-party payment programs which its governing body

Section	Deletion, replacement and/or addition
	<p>determines are appropriate, including maintenance of accreditation through the Joint Commission, or other agency approved by the U.S. Department of Health and Human Services' Centers for Medicare & Medicaid Services ("CMS");</p> <p>(ix) procure and maintain all licenses and permits granted by the Illinois Health Facilities Planning Board which are necessary to complete the Project;</p> <p>(x) maintain CMS minimum quarterly composite core measures scores of seventy-five percent (75%) using the scoring criteria in effect as of the date of this Agreement;</p> <p>(xi) operate its Facilities so as not to illegally discriminate;</p> <p>(xii) maintain charity care/financial assistance policies that meet or exceed Public Act 094-0885, the Fair Patient Billing Act, effective on January 1, 2007;</p> <p>(xiii) operate a full-service Emergency Room that follows all laws and regulations related to the Emergency Medical Treatment and Active Labor Act, (42 USC 1395dd);</p> <p>(xiv) continue to provide services to Medicare and Medicaid patients;</p> <p>(xv) continue to provide its full mission in patient care and education and research in support of community benefit; and</p> <p>(xvi) maintain or cause to be maintained, as its sole cost and expense, the insurance described in <u>Section 12</u>.</p> <p>In the event of a default for any of the covenants in this <u>Section 8.06</u>, the City shall have the right to exercise any remedies described or referred to in this Agreement.</p>
Section 8.09, Prevailing Wage	<p>Add the following to the end of the Section:</p> <p>"Pursuant to Section 11 of the Illinois Prevailing Wage Act, 820 ILCS 130/11, the requirements of the Illinois Prevailing Wage Act will not apply to any portion of the construction work of the Project that will be paid for from the proceeds of the HUD Loan. Therefore, notwithstanding any contrary provision of this Agreement, for any portion of the construction work of the Project that will be paid for from the proceeds of the HUD Loan, the Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, prevailing wage rates determined under the Davis-Bacon Act, 40</p>

Section	Deletion, replacement and/or addition
	U.S.C. Section 276a <i>et seq.</i> ”
Section 15.02, Remedies	Delete the text of Section 15.02 in its entirety and replace it with the following: “Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, suspend and withhold disbursement of City Funds and/or seek reimbursement of any City Funds paid. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.”
Exhibit Q Form of Phase II Commencement Letter	At the end of the RDA, add a new <u>Exhibit Q</u> Form of Phase II Commencement Letter in the form attached hereto as <u>Exhibit D</u> .
Exhibit R HUD-Required Provisions Rider	At the end of the RDA, add a new <u>Exhibit R</u> HUD-Required Provisions Rider in the form attached hereto as <u>Exhibit E</u> .

**ARTICLE IV
COVENANTS, REPRESENTATIONS AND WARRANTIES OF DEVELOPER**

Developer covenants, represents and warranties that:

(a) such party has the right, power and authority to enter into, execute, deliver and perform this Amendment. The execution, delivery and performance by such party of this Amendment have been duly authorized by all necessary action, and do not and will not violate its Articles of Organization, Articles of Incorporation, Operating Agreement or Bylaws, as applicable, any applicable provision of law, or constitute a breach of, default under or require the consent under any agreement, instrument or document to which such party is now a party or by which such party is now or may become bound;

(b) such party is not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing or any related agreements; and

(c) the proceeds of the HUD Loan will be used solely to repay existing Lender Financing, pay administrative expenses in connection with the HUD Loan and to fund the costs to complete the Project.

**ARTICLE V
CONSENT OF CITY**

Pursuant to **Section 16** of the RDA, the City hereby consents to the making of the HUD Mortgage and such HUD Mortgage shall be deemed to be a Permitted Mortgage as that term is used in the RDA.

ARTICLE VI

MISCELLANEOUS

A. Limitation of Liability. No member, official or employee of the City shall be personally liable to any party to this Amendment or any successor in interest in the event of any default or breach by the City or any successor in interest or for any amount which may become due to any party to this Amendment from the City or any successor in interest or on any obligation under the terms of this Amendment or the RDA.

B. No Effect on Recording Priority of RDA or Subordination Agreements. The parties agree that entering into this Amendment shall have no effect on the recording priority of the RDA (or any outstanding subordination agreements that might relate thereto) and that this Amendment shall relate back to the dates that each of the RDA (or any outstanding subordination agreements that might relate thereto) were originally recorded in the land title records of Cook County, Illinois.

C. No Change in Defined Terms. All capitalized terms not otherwise defined herein, shall have the same meanings as set forth in the RDA.

D. Other Terms in the RDA Remain; Conflict.

(a) Except as explicitly provided in this Amendment, all other provisions and terms of the RDA shall remain unchanged.

(b) In the event of a conflict between any provisions of this Amendment and the provisions of the RDA, the provisions of this Amendment shall control. Other than as specifically modified hereby, the terms and conditions of the RDA shall remain in effect with respect to the parties thereto.

E. Representations and Warranties of Developer. Developer acknowledges and agrees that, notwithstanding any other terms or provisions of this Amendment to the contrary, Developer shall remain liable for all of its obligations and liabilities under the RDA, as amended by this Amendment.

F. Form of Documents. All documents required by this Amendment to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

G. Recording and Filing. Developer shall cause this Amendment to be recorded and filed on the date hereof against the Property legally described in Exhibit A hereto in the conveyance and real property records of the county in which the Property is located. Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, Developer shall immediately transmit to the City an executed original of this Amendment showing the date and recording number of record.

H. Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

I. Counterparts. This Amendment may be executed in several counterparts, each

of which shall be deemed an original and all of which shall constitute one and the same agreement.

J. Governing Law. This Amendment shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

K. Binding Effect. This Amendment shall be binding upon Developer and the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of Developer and the City and their respective successors and permitted assigns (as provided herein).

L. No Business Relationship with City Elected Officials. Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion of any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to the RDA or this Amendment or in connection with the transactions contemplated hereby and thereby, shall be grounds for termination of the RDA or this Amendment and the transactions contemplated hereby and thereby. Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Amendment or the transactions contemplated thereby.

M. Severability. If any provision in this Amendment, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Amendment shall be construed as if such invalid part were never included herein and the remainder of this Amendment shall be and remain valid and enforceable to the fullest extent permitted by law.

N. Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first above written.

CITY OF CHICAGO, acting by and through its
Department of Housing and Economic
Development

By: _____
Name: Andrew J. Mooney
Title: Commissioner

MERCY HOSPITAL AND MEDICAL CENTER

By: 
Name: Sheila Lyne
Title: President and CEO

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first above written.

CITY OF CHICAGO, acting by and through its
Department of Housing and Economic
Development

By: 
Name: Andrew J. Mooney
Title: Commissioner

MERCY HOSPITAL AND MEDICAL CENTER

By: _____
Name: Sheila Lyne
Title: President and CEO

**EXHIBIT A
To First Amendment**

The Property

PIN Numbers:

17-27-129-001
17-27-129-002
17-27-129-013
17-27-129-019
17-27-129-092
17-27-129-094
17-27-129-095
17-27-123-015
17-27-123-016
17-27-123-017
17-27-123-018
17-27-123-019
17-27-123-020
17-27-123-021
17-27-123-022
17-27-123-023

(legal description attached)

3

Exhibit A

PARCEL 1

LOTS A, B AND C IN MERCY HOSPITAL AND MEDICAL CENTER REDEVELOPMENT BEING A CONSOLIDATION OF BLOCKS 62, 63, 64, 68, 69, 76 AND 77 AND PARTS OF BLOCKS 61, 65, 66, 67, 70, 75 AND 78 AND VACATED STREETS AND ALLEYS, ALL IN CANAL TRUSTEE'S SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, EXCEPT THAT PART OF LOT C LYING EAST OF A LINE, BEING THE WEST LINE OF ANTONIO'S SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED APRIL 9, 2007 AS DOCUMENT 0709906052, DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE SOUTH LINE OF LOT C THAT IS 701.50 FEET WEST OF THE SOUTHEAST CORNER OF LOT D IN SAID SUBDIVISION, AS MEASURED ALONG THE SOUTH LINE OF SAID LOTS C AND D; THENCE NORTH 00 DEGREES 24 MINUTES 27 SECONDS EAST 150.00 FEET; THENCE NORTH 00 DEGREES 03 MINUTES 07 SECONDS EAST, 114.37 FEET; THENCE NORTHEASTERLY 59.31 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 60.33 FEET, CONCAVE SOUTHEASTERLY, AND WHOSE CHORD BEARS NORTH 28 DEGREES 12 MINUTES 59 SECONDS EAST A DISTANCE OF 56.95 FEET; THENCE NORTHEASTERLY 59.26 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 60.00 FEET, CONCAVE NORTHWESTERLY, AND WHOSE CHORD BEARS NORTH 28 DEGREES 05 MINUTES 07 SECONDS EAST A DISTANCE OF 56.88 FEET; THENCE NORTH 00 DEGREES 12 MINUTES 36 SECONDS WEST, 84.94 FEET; THENCE NORTHERLY 18.02 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 30.96 FEET, CONCAVE WESTERLY, AND WHOSE CHORD BEARS NORTH 16 DEGREES 53 MINUTES 19 SECONDS WEST A DISTANCE OF 17.77 FEET; THENCE NORTHWESTERLY 47.16 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 74.72 FEET, CONCAVE SOUTHWESTERLY, AND WHOSE CHORD BEARS NORTH 51 DEGREES, 38 MINUTES 52 SECONDS WEST A DISTANCE OF 46.38 FEET; THENCE NORTHWESTERLY 43.55 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 35.84 FEET, CONCAVE NORTHEASTERLY, AND WHOSE CHORD BEARS NORTH 34 DEGREES 55 MINUTES 06 SECONDS WEST A DISTANCE OF 40.92 FEET; THENCE NORTH 00 DEGREES 06 MINUTES 30 SECONDS WEST, 70.73 FEET TO THE NORTH LINE OF SAID LOT C, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2

THE EAST HALF OF BLOCK 60 (EXCEPT THE NORTH HALF OF THE NORTHEAST QUARTER OF BLOCK 60 AND EXCEPT THAT PART TAKEN FOR STREETS AND ALLEYS) AND THE EAST HALF OF BLOCK 71 (EXCEPT THAT PART TAKEN FOR STREETS AND ALLEYS) IN CANAL TRUSTEES SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

LOTS 1, 2 AND 3 IN ASSESSOR'S DIVISION OF BLOCK 74 IN CANAL TRUSTEES SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

LOTS 1 TO 9, INCLUSIVE, IN O. P. BRIGGS SUBDIVISION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF BLOCK 60 IN CANAL TRUSTEES SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3

LOT 3 AND LOT 7 IN ANTONIO'S SUBDIVISION, BEING A RESUBDIVISION IN THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO A PLAT THEREOF RECORDED APRIL 9, 2007 AS DOCUMENT 0709906052, ALL TAKEN AS A TRACT EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID LOT 7; THENCE NORTH 00°24'27" EAST, ALONG THE WEST LINE OF SAID LOTS 7 AND 3, A DISTANCE OF 135.00 FEET; THENCE SOUTH 90°00'00" EAST, 203.00 FEET; THENCE SOUTH 00°24'27" WEST, 135.00 FEET TO THE SOUTH LINE OF SAID LOT 3; THENCE NORTH 90°00'00" WEST, ALONG THE SOUTH LINE OF SAID LOTS 3 AND 7, A DISTANCE OF 203.00 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Endorsement –continued

PARCEL 4

LOT 4 IN ANTONIO'S SUBDIVISION, BEING A RESUBDIVISION IN THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5

THAT PART OF LOT 2 IN ANTONIO'S SUBDIVISION, BEING A RESUBDIVISION IN THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 2; THENCE SOUTH 00°00'00" WEST, ALONG THE EAST LINE THEREOF, 135.34 FEET TO THE POINT OF BEGINNING; THE NEXT 9 COURSES BEING ALONG THE PERIMETER LINES OF SAID LOT 2; THENCE SOUTH 00°00'00" WEST, 166.78 FEET; THENCE NORTH 90°00'00" WEST, 225.23 FEET; THENCE SOUTH 00°00'00" WEST, 13.82 FEET; THENCE NORTH 90°00'00" WEST, 22.58 FEET; THENCE NORTHWESTERLY 59.68 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 40.00 FEET, CONCAVE NORTHEASTERLY, AND WHOSE CHORD BEARS NORTH 47°15'17" WEST A DISTANCE OF 54.30 FEET; THENCE NORTH 90°00'00" WEST, 8.93 FEET; THENCE NORTHEASTERLY 49.96 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 60.00 FEET, CONCAVE NORTHWESTERLY, AND WHOSE CHORD BEARS NORTH 23°38'46" EAST, A DISTANCE OF 48.53 FEET; THENCE NORTH 00°12'36" WEST, 84.94 FEET; THENCE NORTHERLY 14.69 FEET ALONG THE ARC OF A CIRCLE, HAVING A RADIUS OF 30.96 FEET, CONCAVE WESTERLY AND WHOSE CHORD BEARS NORTH 13°48'14" WEST, A DISTANCE OF 14.55 FEET; THENCE NORTH 89°57'14" EAST, 280.93 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PARCEL 6

NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 5 FOR PEDESTRIAN AND VEHICULAR INGRESS AND EGRESS OVER, ACROSS AND UPON THE EASEMENT PARCEL AS DEFINED AND DESCRIBED IN GRANT OF ACCESS EASEMENT DATED APRIL 6, 2006 AND RECORDED APRIL 11, 2006 AS DOCUMENT 0610118091 MADE BY MERCY HOSPITAL AND MEDICAL CENTER TO EASTGATE VILLAGE FIVE MODEL, L.L.C.

PARCEL 7

NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 5 FOR UTILITY PURPOSES UNDER, THROUGH AND ACROSS THE EASEMENT PARCEL AS DEFINED AND DESCRIBED IN GRANT OF UTILITY EASEMENT DATED APRIL 6, 2006 AND RECORDED APRIL 11, 2006 AS DOCUMENT 0610118089 MADE BY MERCY HOSPITAL AND MEDICAL CENTER TO EASTGATE VILLAGE FIVE MODEL, L.L.C.

PARCEL 8

NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 5 FOR INGRESS AND EGRESS OVER AND UPON THE EASEMENT PARCEL AS DEFINED AND DESCRIBED AND TO TAP INTO THE EXISTING STORM WATER FACILITIES AS DEFINED AND DESCRIBED IN AND CREATED BY THE CROSS EASEMENT AGREEMENT DATED AS OF NOVEMBER 30, 2010 AND RECORDED DECEMBER 14, 2010 AS DOCUMENT 1034831094 MADE BY AND BETWEEN EASTGATE VILLAGE ONE, L.L.C., EASTGATE VILLAGE TWO, L.L.C., EASTGATE VILLAGE FIVE, L.L.C., EASTGATE VILLAGE SIX, L.L.C., AND MERCY HOSPITAL AND MEDICAL CENTER.

**Exhibit B-3
to First Amendment**

Mercy Hospital Capital Expenditure Cash Flow 2006-2030

(attached)

Mercy Hospital Capital Expenditure Cash Flow 2006-2030
Inflation Rate 3%

			0	1	2	3	4	5	6	7	8	9	10		
Cost Center	Summary Category	Uses of Funds	Costs (2005 Dollars)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
TIF ELIGIBLE COSTS															
9040		Emergency Systems	Repair/Replace Bulk O2 Pad	224,000	0	224,000	0	0	0	0	0	0	0	0	0
9040		Emergency Systems	Replace & Upgrade Day Tank for Emergency Generators	31,000	0	31,000	0	0	0	0	0	0	0	0	0
9040		Emergency Systems	Emergency Electrical Transfer Switches (20 switches)	400,000	0	0	0	0	0	0	200,000	0	0	0	0
8670		Exterior	Building Façade Repair/Renovation	2,487,962	0	2,487,962	0	0	0	0	0	0	0	0	0
9040		Exterior	New Roofs Main Hospital Building	7,000,000	0	0	0	0	0	0	0	0	0	0	0
9040		Exterior	Energy Star Window Replacement	3,000,000	0	0	0	0	0	0	0	0	0	0	2,002,702
8670	Hospital Facility Rehabilitation	Fire Safety Systems	Hospital Wide Fire Sprinkler/Alarm System Up Grade	12,230,629	0	0	0	271,471	0	6,601,818	4,808,848	0	0	0	0
9040		HVAC	Boiler Feed Water Pump	90,000	0	90,000	0	0	0	0	0	0	0	0	0
9040		HVAC	Air Handler Upgrade, S10, S19, S15	0	0	0	108,409	0	0	0	0	0	0	0	0
9040		HVAC	Install Final Filters -all Air handlers for 90% efficiency per	570,000	0	0	0	0	0	0	0	0	743,721	0	0
9040		HVAC	CoolinTower Up Grades/Replacements	1,200,000	0	0	366,219	177,692	0	0	300,000	0	0	0	0
9040		HVAC	Condensate Return Pump	5,200	0	5,200	0	0	0	0	0	0	0	0	0
9040		HVAC	Boiler Room Monitoring Annunicator & Controls	171,947	0	171,947	0	37,028	0	0	0	0	224,352	0	0
9040		HVAC	Air handling Units - Outside Air Damper Replacements	150,000	0	0	0	0	0	0	0	0	0	0	0
9040		HVAC	Air handling Units Replacement S2 and S27	902,219	0	0	0	93,756	174,781	633,682	0	0	0	0	0
9040		HVAC	(2) Carrier Chiller Replacement - #1 & #2 (\$500K ea)	1,000,000	0	0	0	0	0	0	0	0	0	0	0
9040		HVAC	Hot Water Heater Replacement	205,000	0	205,000	0	0	0	0	0	0	0	0	0
9040		HVAC	Boiler Replacements (4)	4,000,000	0	0	0	0	0	0	0	0	0	0	2,536,035
9040		HVAC	HVAC Up Grades to the Surgery Suites	169,835	0	169,835	0	0	0	0	0	0	0	0	0
9040		HVAC	HVAC Up Grades - 12th fl. Mamography Suites	0	0	0	58,540	0	0	0	0	0	0	0	0
9040		Interior Systems	Data Center HVAC Improvements	100,000	0	0	0	78,976	0	0	0	0	0	134,392	0
9040		HVAC	Repl. Multizone AHU #501	45,000	0	0	0	0	0	0	0	0	0	0	0
9040		Interior Systems	Facility wide Elevator up grades	2,000,000	0	0	0	0	0	0	0	0	0	2,687,833	0
9040		HVAC	Motor Control & Bucket Replacement	1,000,000	0	0	105,000	183,433	0	0	0	0	0	0	0
9040		Interior Systems	Reheat Coils for 10 Surgical Suites	240,790	0	240,790	0	0	0	0	0	0	0	0	0
9040	Hospital Facility Rehabilitation	Interior Systems	Building Automated Control Replacement	750,000	0	0	249,877	0	0	0	0	0	978,580	0	0
9040		Interior Systems	Vacuum Pump replacement	135,000	0	0	0	0	0	0	0	0	176,144	0	0
9040		Interior Systems	Rehabilitation of 1st floor, SICU, Surgery	135,000	0	0	0	0	0	0	0	0	176,144	0	0
9040			Medical Air Compresor					44,900							
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 2nd floor	2,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation 3rd Floor - Birthing Center	4,312,671	0	0	0	0	0	2,285,714	2,026,954	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 4th floor patient care nursing stations rooms	3,200,000	0	0	0	0	0	0	0	3,200,000	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 5th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 6th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 7th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 8th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 9th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 10th floor patient care nursing stations rooms	1,000,000	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of 11th floor/CCU	3,467,988	0	0	0	0	0	2,268,061	1,199,921	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Rehabilitation of GI Lab	2,243,743	0	0	0	0	0	0	0	0	0	0	0
8670		Rehabilitation of Patient Care/Labs	Reconfiguration of 1st floor pat/visitor egress/dept relocations	2,000,000	0	0	0	0	0	0	0	0	0	0	0
8670	Reconfiguration of Bldg and Site prep for Development	Reconfiguration of Bldg and Site prep for Development	Demolition and Environmental Remediation of Site for	398,000	0	0	398,100	0	0	0	0	0	0	0	0
8670	H Lot Acquisition and Remediation	H Lot Acquisition and Remediation	Buy back of H Lot*	7,500,000	0	0	0	0	7,908,000	0	0	0	0	0	0
8670	H Lot Acquisition and Remediation	H Lot Acquisition and Remediation	Reconfiguration of Parking Lots (E to W)	2,628,685	0	2,628,685	0	0	0	0	0	0	0	0	0
8670	Reconfiguration of Bldg and Site prep for Development	Reconfiguration of Bldg and Site prep for Development	Reconfigure Parking Turn Around	82,400	0	0	82,400	0	0	0	0	0	0	0	0
8670			Parking Lot A Fencing & Landscaping					66,758							
8670			Parking Lot B Fencing & Landscaping					63,876							
8670			East Parking Lot Renovation							1,450,000					
TOTAL TIF ELIGIBLE COSTS			72,077,069	0	5,319,594	1,415,325	888,045	1,017,890	8,082,781	13,239,275	8,535,723	3,200,000	2,298,941	2,822,224	4,538,737
COSTS NOT TIF ELIGIBLE															
8230	Clinical Equipment	Clinical Equipment	Replacement Equipment	6,000,000	0	0	3,000,000	3,000,000	0	0	0	0	0	0	0
8230	Clinical Equipment	Clinical Equipment	Computerized Physician Order Entry, Computer Patient Record	6,000,000	0	0	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	2,609,546	2,687,833	0
6400	Clinical Equipment	Clinical Equipment	Hardware/Software Replacements/Upgrades	2,000,000	0	1,450,000	0	1,450,000	0	0	0	0	0	0	0
6480	Clinical Equipment	Clinical Equipment	(2) Repl. Cath Labs	3,850,000	0	0	3,850,000	0	0	0	0	0	0	0	0
6450	Clinical Equipment	Clinical Equipment	Linear Accelerator	1,000,000	0	1,000,000	0	0	0	0	0	0	0	0	0
6450	Clinical Equipment	Clinical Equipment	PACS	2,000,000	0	1,030,000	1,060,900	0	0	0	0	0	0	0	0
6450	Clinical Equipment	Clinical Equipment	Ultrafast CT	1,500,000	0	0	0	0	1,500,000	0	0	0	0	0	0
6450	Clinical Equipment	Clinical Equipment	Special Procedures Lab	1,450,000	0	0	0	0	0	1,731,376	0	0	0	0	0
6450	Clinical Equipment	Clinical Equipment	IS Clinical Infrastructure for HIPAA Regulatory Compliance	1,450,000	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditures over Remaining Years of TIF															
TOTAL NON-TIF ELIGIBLE COSTS			23,800,000	0	2,030,000	2,510,900	7,850,000	5,450,000	2,500,000	2,731,376	1,000,000	1,000,000	2,609,546	2,687,833	0
TOTAL USES OF FUNDS			95,877,069	0	7,349,594	3,926,225	8,738,045	6,467,890	10,582,781	15,970,651	9,535,723	4,200,000	4,908,488	5,510,057	4,538,737

Mercy Hospital Capital Expenditure Cash Flow 2006-2030
Inflation Rate 3%

4/8/2011

Uses of Funds	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
TIF ELIGIBLE COSTS																						
Emergency Systems																						224,000
Emergency Systems																						31,000
Emergency Systems																						200,000
Exterior										500,000												2,987,962
Exterior										1,400,000												2,800,000
Exterior																						4,152,702
Fire Safety Systems																						11,682,137
HVAC																						90,000
HVAC																						108,409
HVAC																						743,721
HVAC																						843,911
HVAC																						5,200
HVAC																						433,327
HVAC																						0
HVAC																						902,219
HVAC																						0
HVAC																						205,000
HVAC																						5,536,935
HVAC																						169,835
HVAC																						58,540
Interior Systems																						213,368
HVAC																						0
Interior Systems																						3,487,833
HVAC																						288,433
Interior Systems																						240,790
Interior Systems																						1,228,457
Interior Systems																						176,144
Interior Systems																						2,589,172
Rehabilitation of Patient Care/Labs																						44,900
Rehabilitation of Patient Care/Labs																						2,687,833
Rehabilitation of Patient Care/Labs																						10,282,413
Rehabilitation of Patient Care/Labs																						3,200,000
Rehabilitation of Patient Care/Labs																						1,343,916
Rehabilitation of Patient Care/Labs																						1,343,916
Rehabilitation of Patient Care/Labs																						1,343,916
Rehabilitation of Patient Care/Labs																						1,304,773
Rehabilitation of Patient Care/Labs																						1,304,773
Rehabilitation of Patient Care/Labs																						1,384,234
Rehabilitation of Patient Care/Labs																						8,268,488
Rehabilitation of Patient Care/Labs																						0
Rehabilitation of Patient Care/Labs																						0
Reconfiguration of Bldg and Site prep for Development																						398,100
H Lot Acquisition and Remediation																						7,908,000
H Lot Acquisition and Remediation																						2,628,685
Reconfiguration of Bldg and Site prep for Development																						82,400
																						66,758
																						63,876
																						1,450,000
TOTAL TIF ELIGIBLE COSTS																						84,506,077
COSTS NOT TIF ELIGIBLE																						
Clinical Equipment																						6,000,000
Clinical Equipment																						11,297,379
Clinical Equipment																						2,900,000
Clinical Equipment																						3,850,000
Clinical Equipment																						1,000,000
Clinical Equipment																						2,090,900
Clinical Equipment																						1,500,000
Clinical Equipment																						1,731,376
Capital Expenditures over Remaining Years of TIF																						148,275,905
TOTAL NON-TIF ELIGIBLE COSTS																						178,645,560
TOTAL USES OF FUNDS																						263,151,638

**Exhibit C
To First Amendment**

SECTION 5A. CONDITIONS PRECEDENT TO THE PHASE II COMMENCEMENT LETTER

5A.01 Developer Obligations. The Developer covenants not to commence construction of Phase II until the Developer has requested in writing, and the City has issued and delivered to the Developer, a Phase II Commencement Letter pursuant to this **Section 5A**. The Developer's delivery of such request for a Phase II Commencement Letter shall constitute a certification to the City, as of the date of such request, that no Event of Default or condition or event which with the giving of notice or passage of time or both would constitute an Event of Default, exists under this Agreement or any related agreement, and the representations and warranties contained in this Agreement and any related agreement are true and correct. The following conditions shall have been complied with to the City's satisfaction on or prior to the issuance of the Phase II Commencement Letter:

(a) Project Budget. The Developer has submitted to HED, and HED has approved, a Project Budget for Phase II in accordance with the provisions of **Section 3.03** hereof;

(b) Scope Drawings and Plans and Specifications. The Developer has submitted to HED, and HED has approved, the Scope Drawings and Plans and Specifications for Phase II in accordance with the provisions of **Section 3.02** hereof;

(c) Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation for Phase II and has submitted evidence thereof to HED;

(d) Financing. The Developer has furnished proof satisfactory to the City that the Developer has Equity and/or Lender Financing in the amounts set forth in **Section 4.01** hereof to complete Phase II and satisfy its obligations under this Agreement;

(e) Title. The Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, dated within twenty days of the date the Developer submits the request for a Phase II Commencement Letter, showing the Developer as the named insured and satisfying the requirements described in **Section 5.05**;

(f) Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches, updated within twenty days of the date the Developer submits the request for a Phase II Commencement Letter, as described under **Section 5.06**, showing no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens;

(g) Surveys. The Developer has furnished the City with three (3) copies of the Survey, dated within twenty days of the date the Developer submits the request for a Phase II Commencement Letter;

(h) Insurance. The Developer, at its own expense, has insured the Property in accordance with **Section 12** hereof, and has delivered certificates required pursuant to **Section 12** hereof evidencing the required coverages to HED;

(i) Opinion of the Developer's Counsel. On the date the Developer submits the request for a Phase II Commencement Letter, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel; provided, that if the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel;

(j) Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to HED of the Prior Expenditures in accordance with the provisions of **Section 4.05(a)** hereof;

(k) Documentation. The Developer has provided documentation satisfactory to HED with respect to current employment matters on Phase I and Phase II of the Project, the MBE/WBE utilization plan for Phase II of the Project, and a progress report containing all current information, if any, requested under **Section 8.07** herein;

(l) Environmental. The Developer has provided HED with copies of any updated or new phase I environmental audit or phase II environmental audit with respect to the Property, other than those previously delivered to the City under **Section 5.12**, together with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits;

(m) Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles of Organization or Articles of Incorporation, as applicable, containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate or similar instrument in such form and substance as the Corporation Counsel may require; operating agreement of the entity; and such other organizational documentation as the City has requested; and an Economic Disclosure Statement, in the City's then current form, dated the date the Developer submits the request for a Phase II Commencement Letter;

(n) Litigation. The Developer has provided to the Corporation Counsel and HED a description of all pending or threatened litigation or administrative proceedings involving the Developer that will or may affect the ability of the Developer to complete Phase II in accordance with this Agreement, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance;

(o) Construction Contract. The Developer has submitted a copy of the Construction Contract for Phase II pursuant to the requirements of **Section 6.01** herein; and

(p) Non-Commencement of Construction. Construction on Phase II has not yet commenced.

5A.02 City Actions. Upon the City's satisfaction with the Developer's documents as

set forth in Section 5A.01 above for Phase II, City will issue a Phase II Commencement Letter to Developer in the form set forth in Exhibit Q hereto.

**Exhibit D
To First Amendment**

[Exhibit Q to Redevelopment Agreement]

Form of Phase II Commencement Letter

[prepare on HED letterhead]

[date]

Mercy Hospital and Medical Center
2525 South Michigan Avenue
Chicago, Illinois 60616
Attention: Sheila Lyne, President and CEO

Re: Approval to Commence Construction of Phase II under the terms and conditions of the Mercy Hospital and Medical Center Redevelopment Agreement dated as of August 23, 2006 (the "Agreement") by and between the City of Chicago (the "City") and Mercy Hospital and Medical Center, an Illinois not-for-profit corporation (the "Developer").

Ladies and Gentlemen:

Pursuant to the Agreement, Developer has requested that the City approve Developer's commencement of Phase II of the Project (as defined in the Agreement) and has submitted supporting documents and information to the Department of Housing and Economic Development.

Having (a) reviewed the documents and information supplied by Developer in connection with this request and (b) concluded that the conditions described in **Section 5A.01** of the Agreement have been complied with to the City's satisfaction, I declare that the City is satisfied that the Developer may proceed with the commencement of construction on Phase II of the Project.

CITY OF CHICAGO

Commissioner
Department of Housing and Economic
Development

**Exhibit E
To First Amendment**

[Exhibit R to Redevelopment Agreement]

HUD-Required Provisions Rider

THIS RIDER is dated June 7 2011 and is attached to and made a part of that certain Mercy Hospital and Medical Center Redevelopment Agreement dated August 23, 2006, as amended by First Amendment to Mercy Hospital and Medical Center Redevelopment Agreement dated as of June 7th, 2011 (collectively the "TIF Redevelopment Agreement"), entered into by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing and Economic Development, having its offices at 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602, and Mercy Hospital and Medical Center, an Illinois not-for-profit corporation (the "Developer"), relating to the property in the City of Chicago, Illinois located within the 26th and King Drive Redevelopment Project Area as referred to in the TIF Redevelopment Agreement. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the TIF Redevelopment Agreement, the provisions of this Rider shall control.

As used in this Rider, the term "HUD Project" shall mean the "Project" defined in the HUD Regulatory Agreement defined below; provided, however, that the HUD Project shall include only the portion of the 26th and King Drive Redevelopment Project Area that is encumbered by the Mortgage and the HUD Regulatory Agreement (as both such terms are defined below) and legally described on Attachment 1, Legal Description, to this Rider. This Rider shall not affect any portion of the Project (as defined in the TIF Redevelopment Agreement) other than the parcels legally described on Attachment 1 to this Rider.

In addition, as used in this Rider (a) the term "HUD" shall mean the United States Department of Housing and Urban Development; (b) the term "FHA" shall mean the Federal Housing Administration, an organizational unit within HUD; and (c) the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the HUD Project (Project No. 071-13010):

- A. Commitment for Insurance of Advances dated March 25, 2011, as amended, issued by the Secretary of HUD pursuant to Section 242 of the National Housing Act to JPMorgan Healthcare and Housing Funding Corporation and later assigned to Prudential Huntoon Paige Associates, Ltd. or other HUD-approved mortgagee (such assignee and its successors and assigns is referred to as ("Mortgagee");
- B. Building Loan Agreement between the Developer and Mortgagee;
- C. Mortgage Note made by the Developer payable to the order of Mortgagee in the aggregate original principal amount of \$65,224,000.000 (the "Mortgage Note");

- D. Mortgage with Rider I, made by Developer in favor of Mortgagee and encumbering the HUD Project as security for the Mortgage Note (the “ HUD Mortgage”);
- E. Security Agreement with Schedule A, between the Developer, as debtor, and Mortgagee and/or the Secretary of HUD as their interest may appear, as secured party;
- F. UCC-1 Financing Statement made by the Developer, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;
- G. Regulatory Agreement with Riders I and II, between the Developer and HUD (the “HUD Regulatory Agreement”);
- H. Certificate of Need;
- I. Organizational Documents – Certificate of Incumbency attaching:
 - (a) Articles of Incorporation;
 - (b) By-Laws;
 - (c) Corporate Resolutions; and
 - (d) Good standing certificate
- J. Proof of Nonprofit Status of Borrower
- K. Mortgage Reserve Fund Agreement w/MRF Schedule
- L. MRF Trust Fund Agreement w/MRF Schedule
- M. Title Policy
- N. Surveyor's Plat
- O. Surveyor's Report
- P. Evidence of Zoning Compliance
- Q. Building Permit
- R. Assurance of Utility services
- S. Construction Manager Agreement/Construction Contract

- T. Contractor's Certification Concerning Labor Standards and Prevailing Wage Requirements (FHA Form 2492)
- U. Performance Payment Bonds
- V. Owner-Architect Agreement
- W. Mortgagor's and Architect's Certificate of Payment
- X. Letter from Architect re" Improvements will be w/in Mortgaged Parcel
- Y. Mortgagor's Certificate
- Z. Mortgagee's Certificate with Exhibits A-D
- AA. Equal Employment Opportunity Certificate
- BB. Assurance Compliance under Title VI
- CC. Agreement and Certification
- DD. Mortgagee's Byrd Amendment Certification
 - (a) Originating Mortgagee
 - (b) Mortgagee of Record
- EE. Mortgagor's Byrd Amendment Certification
- FF. Mortgagor's Attorney Opinion
- GG. Letter from Mortgagee that Loan is Current
- HH. Letter from Mortgagor on Person to Contact
- II. HUD Certificate
- JJ. Application for Insurance of Advance of Mortgage Proceeds (92403)
- KK. Operating Certificate/License
- LL. Capitalized interest Draw Schedule
- MM. Evidence of D&O Insurance
- NN. Builder's Risk/Hazard Insurance Certificate
- OO. OAE HUD Office of Architecture and Engineering Approval Letter

- PP. List of Leased and Financed Property
- QQ. Certification for Re-Typed HUD Forms
 - (a) Deposit Account Control Agreement
 - (b) Government Healthcare Receivables Deposit Account Agreement
- RR. Such other loan and security documents related to the loan transaction evidenced by the foregoing as HUD and the Mortgagee may require.

All other capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the TIF Redevelopment Agreement.

- R-1 Notwithstanding anything in the TIF Redevelopment Agreement to the contrary, the provisions of the TIF Redevelopment Agreement are subordinate to all applicable Federal Statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements other than those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the HUD Project. The provisions of the TIF Redevelopment Agreement are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the TIF Redevelopment Agreement and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the HUD Project.
- R-2 Failure on the part of the Developer to comply with the covenants contained in the TIF Redevelopment Agreement shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the HUD Project. Additionally, and notwithstanding any term or condition to the contrary in the TIF Redevelopment Agreement, no failure on the part of the Developer or its successors or assigns to comply with the covenants in the Mortgage Note, the Mortgage, the HUD Regulatory Agreement, or any of the other HUD/FHA Loan Documents shall serve as a basis for the City, its successors or assigns, or any other party acting by or through the rights provided therein, to declare a default under the TIF Redevelopment Agreement or to exercise any other rights provided in the TIF Redevelopment Agreement, without the express written approval of the Mortgagee, or its successors and assigns to the Mortgage, and HUD.
- R-3 Compliance by the Developer with the provisions and covenants of the TIF Redevelopment Agreement and enforcement of the provisions and covenants contained in the TIF Redevelopment Agreement, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the HUD Project, any asset of the HUD Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the HUD Project, other than distributable "Surplus Cash" (as that term "Surplus Cash" is defined in the HUD Regulatory Agreement).

- R-4 No amendment to the TIF Redevelopment Agreement made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the City unless the City has consented thereto in writing.
- R-5 Unless waived in writing by HUD with respect to the HUD Project, any action of the Developer which is prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents shall supersede any conflicting provision of the TIF Redevelopment Agreement, and the performance or failure to perform of the Developer in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the TIF Redevelopment Agreement.
- R-6 So long as HUD is the insurer or holder of any mortgage on the HUD Project or any indebtedness secured by a mortgage on the HUD Project, Developer shall not and is not permitted to pay any amount required to be paid under the provisions of the TIF Redevelopment Agreement except from Surplus Cash, as such term is defined, and in accordance with the conditions prescribed in the HUD Regulatory Agreement unless specifically permitted in writing by HUD.
- R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the TIF Redevelopment Agreement, with or without court action, no rents, revenue or other income of the HUD Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the TIF Redevelopment Agreement except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the HUD Project in accordance with all provisions of the HUD/FHA Loan Documents.
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the TIF Redevelopment Agreement shall also be given to:

U.S. Dept of Housing & Urban Development
Office of Health Care Programs
451 7th Street, SW
Washington, DC 20410

With a copy to

U.S. Dept of Housing & Urban Development
Office of Regional Counsel, Region V
26th Floor
77 West Jackson Blvd.
Chicago, IL 60604

HUD may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the TIF Redevelopment Agreement to the contrary, the Developer and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the HUD Project or any part thereof provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Developer may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the City. Within 90 days after such service, the City shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Developer. No such transfer shall occur or be effective until the City's requirements shall have been satisfied. In the event the City fails to serve such notice on HUD, the Mortgagee and the Developer within said time, then any consent by HUD to such transfer shall be conclusively deemed to be the City's prior written consent to such transfer and consummation of such transfer shall not be a default under the TIF Redevelopment Agreement.
- R-10 The Developer's covenants contained in the TIF Redevelopment Agreement which relate to the HUD Project and encumber the parcels legally described on Attachment 1 to this Rider (the "Developer Covenants") shall automatically terminate in the event of a foreclosure or deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the HUD Project, or any portion thereof. Upon such termination, the City shall furnish to HUD such releases of the Developer Covenants and other documentation as HUD shall deem necessary or convenient to confirm or evidence such termination.
- R-11 Notwithstanding anything in the TIF Redevelopment Agreement to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

Executed as of this date set forth above.

MERCY HOSPITAL AND MEDICAL CENTER, an
Illinois not-for-profit corporation

By: 
Name: Sister Sheila Lyne
Its: President and CEO

CITY OF CHICAGO

By: _____
Commissioner
Department of Housing and Economic
Development

HUD may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the TIF Redevelopment Agreement to the contrary, the Developer and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the HUD Project or any part thereof provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Developer may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the City. Within 90 days after such service, the City shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Developer. No such transfer shall occur or be effective until the City's requirements shall have been satisfied. In the event the City fails to serve such notice on HUD, the Mortgagee and the Developer within said time, then any consent by HUD to such transfer shall be conclusively deemed to be the City's prior written consent to such transfer and consummation of such transfer shall not be a default under the TIF Redevelopment Agreement.
- R-10 The Developer's covenants contained in the TIF Redevelopment Agreement which relate to the HUD Project and encumber the parcels legally described on Attachment 1 to this Rider (the "Developer Covenants") shall automatically terminate in the event of a foreclosure or deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the HUD Project, or any portion thereof. Upon such termination, the City shall furnish to HUD such releases of the Developer Covenants and other documentation as HUD shall deem necessary or convenient to confirm or evidence such termination.
- R-11 Notwithstanding anything in the TIF Redevelopment Agreement to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

Executed as of this date set forth above.

MERCY HOSPITAL AND MEDICAL CENTER, an
Illinois not-for-profit corporation

By: _____
Name: _____
Its: _____

CITY OF CHICAGO

By:  _____
Andrew J. Mooney, Commissioner
Department of Housing and Economic
Development

Attachment 1 to HUD-Required Provisions Rider

Legal Description of parcels included in the HUD Project

Parcel 1:

Lots A, B and C in Mercy Hospital and Medical Center Redevelopment being a consolidation of Blocks 62, 63, 64, 68, 69, 76 and 77 and parts of Blocks 61, 65, 66, 67, 70, 75 and 78 and vacated streets and alleys, all in Canal Trustee's Subdivision of the West Half of Section 27, Township 39 North, Range 14, East of the Third Principal Meridian,

Except that part of Lot C lying East of a line, being the West line of Antonio's Subdivision according to the plat thereof recorded April 9, 2007 as document 0709906052, described as follows:

Commencing at a point on the South line of Lot C that is 701.50 feet West of the Southeast corner of Lot D in said subdivision, as measured along the South line of said Lots C and D; thence North 00 degrees 24 minutes 27 seconds East 150.00 feet; thence North 00 degrees 03 minutes 07 seconds East, 114.37 feet; thence Northeasterly 59.31 feet along the arc of a circle, having a radius of 60.33 feet, concave Southeasterly, and whose chord bears North 28 degrees 12 minutes 59 seconds East a distance of 56.95 feet; thence Northeasterly 59.26 feet along the arc of a circle, having a radius of 60.00 feet, concave Northwesterly, and whose chord bears North 28 degrees 05 minutes 07 seconds East a distance of 56.88 feet; thence North 00 degrees 12 minutes 36 seconds West, 84.94 feet; thence Northerly 18.02 feet along the arc of a circle, having a radius of 30.96 feet, concave Westerly, and whose chord bears North 16 degrees 53 minutes 19 seconds West a distance of 17.77 feet; thence Northwesterly 47.16 feet along the arc of a circle, having a radius of 74.72 feet, concave Southwesterly, and whose chord bears North 51 degrees, 38 minutes 52 seconds West a distance of 46.38 feet; thence Northwesterly 43.55 feet along the arc of a circle, having a radius of 35.84 feet, concave Northeasterly, and whose chord bears North 34 degrees 55 minutes 06 seconds West a distance of 40.92 feet; thence North 00 degrees 06 minutes 30 seconds West, 70.73 feet to the North line of said Lot C,

All in Cook County, Illinois.

Parcel 2:

The East Half of Block 60 (except the North Half of the Northeast Quarter of Block 60 and except that part taken for streets and alleys) and the East Half of Block 71 (except that part taken for streets and alleys) in Canal Trustees Subdivision of the West Half of Section 27, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Also

Lots 1, 2 and 3 in Assessor's Division of Block 74 in Canal Trustees Subdivision of the West Half of Section 27, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Also

Lots 1 to 9, inclusive, in O. P. Briggs Subdivision of the North Half of the Northeast Quarter of Block 60 in Canal Trustees Subdivision of the West Half of Section 27, Township 39 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Common Street Address: 2525 South Michigan Avenue, Chicago, Illinois

PIN Numbers: 17-27-129-001-0000
17-27-129-002-0000
17-27-129-013-0000
17-27-123-015-0000
17-27-123-016-0000
17-27-123-017-0000
17-27-123-018-0000
17-27-123-019-0000
17-27-123-020-0000
17-27-123-021-0000
17-27-123-022-0000
17-27-123-023-0000